

Opening Statement
Chairman Michael G. Oxley
Committee on Financial Services
Subcommittee on Financial Institutions and Consumer Credit
May 16, 2001

“Keeping the Promise: Recommendations for Deposit Insurance Reform”

Thank you Chairman Bachus.

This hearing marks the beginning of the Financial Services Committee’s review of Federal deposit insurance. For the last 67 years Americans have been reassured that when they put their hard earned money in the bank it will be there for them when the need it. From time to time we must remind ourselves how unique this is- in much of the rest of the world depositors have no guarantee that they will be able to get their money back if their bank becomes insolvent. This guarantee has in turn contributed to making our banking system the most advanced and efficient in the world. And as we all know, safe and sound banks are an indispensable part of a healthy, vibrant economy.

It is also important to remember that our Federal deposit insurance system has not remained static over these last 67 years. Changing times and market conditions have required that Congress remain vigilant in ensuring that our laws do not become outdated, or worse, prove to be a hindrance to guaranteeing American deposits and maintaining faith in our banking system. Congress has periodically revisited our deposit insurance laws to reflect our ever changing banking system, with the most recent sweeping changes occurring in 1991 at the end of the S & L crisis.

Our goals remain the same now as they were when Federal deposit insurance first became law: to reassure Americans in the safety of their deposits and the banking system, and to protect taxpayers from being on the hook during times of economic crisis.

I’d like to thank Chairman Tanoue for appearing here today, and for the hard work that went into the preparation of this report. I look forward to her providing us insight into the FDIC’s findings and recommendations for reform of the Federal deposit insurance system.

Chairman Tanoue, thank you for the job you have done serving as Chair; all Americans owe you a debt of gratitude for your public service.

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As we proceed cautiously and diligently in exploring possible changes to the Federal deposit insurance system there will be many more opportunities for input from regulators, industry participants and depositors.

Thank you for holding these hearings Chairman Bachus, and I look forward to hearing from all of our witnesses.